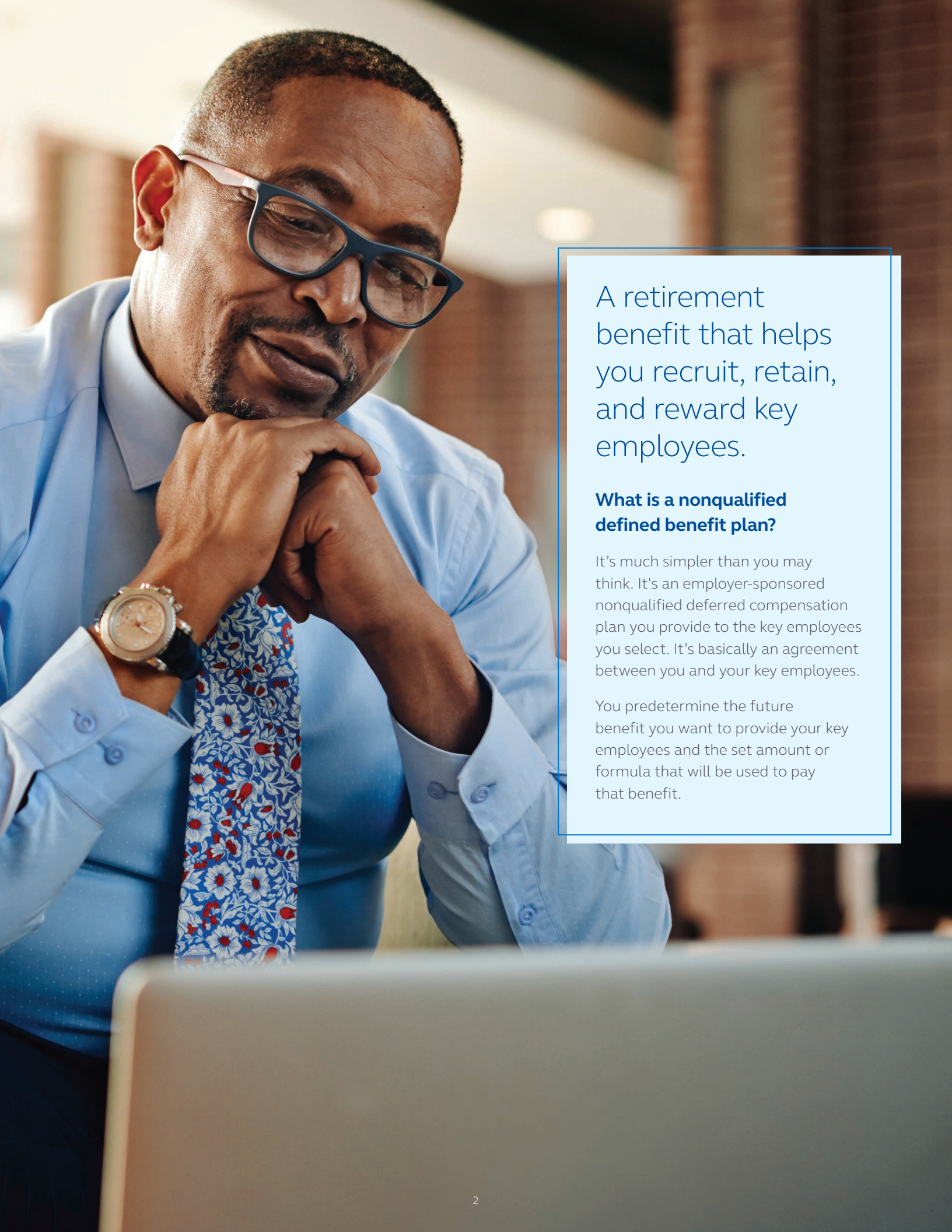




Principal® Deferred Compensation - Defined Benefit plan

Keep your key employees
loyal and motivated.





A retirement benefit that helps you recruit, retain, and reward key employees.

What is a nonqualified defined benefit plan?

It's much simpler than you may think. It's an employer-sponsored nonqualified deferred compensation plan you provide to the key employees you select. It's basically an agreement between you and your key employees.

You predetermine the future benefit you want to provide your key employees and the set amount or formula that will be used to pay that benefit.

Keep your key employees satisfied with benefits they need and value.

Things are going well for your organization. Much of this success is credited to your key employees. Their leadership and expertise are hard to match—and hard to find! What can you do **now** to help ensure your top talent remains committed to you—and **not** the competition?

Enhance your benefits package with a **deferred comp - defined benefit plan**. It can give you a competitive advantage by:

- Encouraging the best employees to join your organization as it grows.
- Keeping your key employees satisfied and motivated for the long term.
- Rewarding them for reaching goals.
- Helping employees bridge the retirement gap resulting from 401(k) plan testing and limitations.

No matter which of the areas above you are trying to address, we have a solution for your organization. To help you select the right plan, we'll listen to your challenges, understand your needs and goals, and work with you and your financial professional to:



Discover. Identify the issues your organization wants to resolve and what you want to achieve.



Solve. Learn how this plan can help solve problems and achieve your objectives.



Design. Use the plan's flexibility to tailor a plan to your organization's and participants' needs.



Collaborate. Trust the service and experience we'll provide to you and your key employees every step of the way, year after year.



Stay current. Make changes to your plan as your organization's needs and goals change.

Discover.

What are your organization's goals?

It's important to your organization to have a valued and cost-efficient benefits package—plus a little more for your key employees. So think about the goals you want your benefits package to achieve such as:

		Notes
Recruit	Attract the best employees as part of a competitive benefits package.	
Retain	Encourage key employees to remain loyal to your organization.	
Retire	Help your key employees save enough for retirement above what 401(k) plans allow.	

What are your key employees' goals?

To have a successful plan, you need to address what your top employees want. Our annual trends survey¹ shows participants say their deferred comp plan is very important in reaching retirement goals. But you can customize the plan to help your key employees with a variety of goals, including

		Notes
Retirement savings	Save beyond 401(k) plan limitations with a supplemental employer benefit.	
Managing taxes	Help manage the impact of taxes using the plan's flexibility for when benefits are paid.	

Solve.

Is a nonqualified defined benefit right for you and your key employees?

Once you've identified the most important goals, then consider the role that the plan can play in helping achieve those goals. The plan offers benefits and considerations for both the organization and the key employees.

Benefits for your key employees:

- Receive an additional benefit paid entirely by the employer without any investment risk by the employee.
- Participants receive benefits beyond 401(k) or 403(b) plan limits.
- Design a personalized investment strategy.
- Enjoy flexibility and take payouts from the plan without the same age restrictions as 401(k) plans.

Benefits for you:

- Increase morale with top employees by offering a benefit they value, which helps keep them loyal and motivated.
- Leverage incentives to structure a benefit to recruit, retain, and reward your top employees.
- Easier to administer with no discrimination testing, minimum participation, or Form 5500 filing, if set up properly.

Considerations for your key employees:

- Plan benefits aren't protected in the event of company bankruptcy.
- If the company doesn't comply with IRS rules, participants could face taxes and penalties.

Considerations for you:

- The corporate tax deduction is deferred until benefits are paid, rather than a current deduction.
- There are fees for plan administrative services and could be a potential charge to earnings on assets purchased to finance the plan.
- The company takes an investment risk by promising to pay a defined benefit to the employee.

PLAN SPONSORS



Plan sponsors offer a deferred comp plan because they want to **provide a competitive benefits package.**^[1]

PLAN PARTICIPANTS



80% of participants say the plan is **important in helping reach their retirement goals.**^[1]

Design.

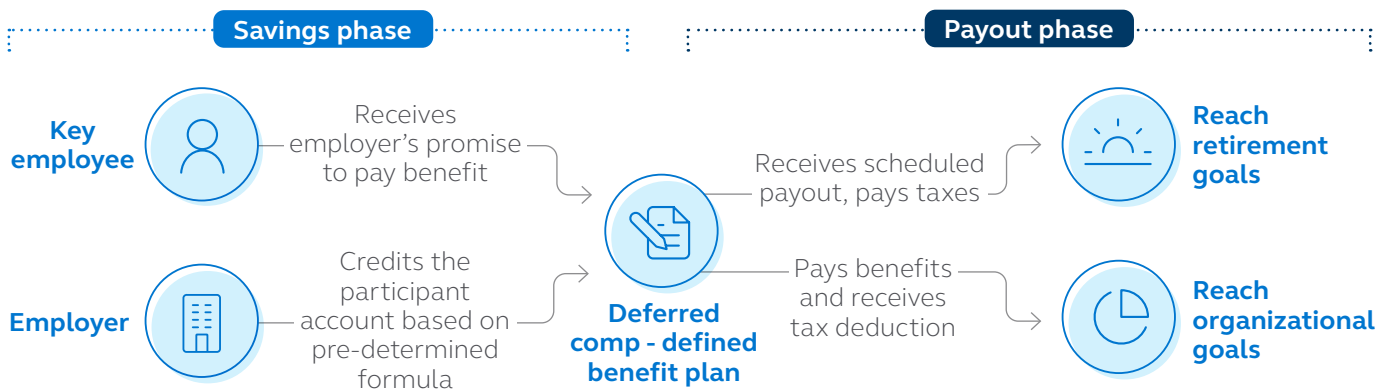
How's the plan created?

You're in control of making the plan yours—it's based on the specific goals of your organization and unique needs of your key employees. Together with your financial professional, we'll walk you through the decisions that need to be made to design a plan that makes sense for your organization:

		Notes
Who participates	Select the groups of key employees ("top hat" employees or independent contractors) to participate in this plan.	
What can be offered	Choose how the benefit will grow with the flexibility to vary by employee.	
What happens with the benefit	Decide how and when key employees may receive the benefits based on organizational needs.	
How benefits are paid	Decide how payouts can be received from the plan. Benefits can be distributed as a lump sum or in annual installments.	

How it works

This chart shows how money is credited to the deferred comp plan and paid out at a later date. It also points out that when the benefit is distributed to the key employee, the employer receives an income-tax deduction and the key employee pays income tax on it.



How does your organization pay for it?

How the plan is financed	Notes	Notes
	<ul style="list-style-type: none"> • Keeping your promise to pay benefits to participants in the future is important. Any one of these three (or combination of) financing options can help you do that. Plus, we'll provide a detailed financial model comparing the options to help you make this decision. • Company cash. No specific plan assets are set aside. Instead, benefits are paid through the company's cash flow. • Taxable investments. The company invests in mutual funds and/or individual securities. • Corporate-owned life insurance (COLI). The company purchases life insurance to pay future obligations. 	

Collaborate.

How do we work with your organization and key employees?

You want to offer key employees the benefits they value—and those that will have a positive influence on them and your organization. Our team of experienced professionals will work closely with you and your financial professional to develop a strategy for implementing and servicing your deferred comp plan.

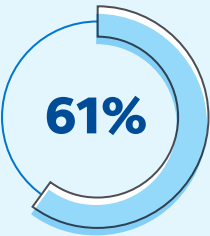
But we don't stop there. Year after year, we'll continue to work closely with you and your financial professional to fine-tune your plan to help ensure your organization's goals are met—and your plan is administered as efficiently as possible.

Keeping you in-the-know

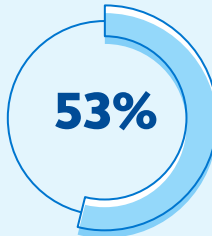
To help you stay on top of your plan, a range of information is available on our website and corporate accounting reports. You also have easy access to plan asset and liability reporting, investment resources, and other tools to assist with administering your plan. Plus, depending on your plan type and design, you'll receive:

- Access to plan participants' benefit information.
- Daily valuation of assets.
- Asset and benefit information and rebalancing services.
- Financing reviews to assess plan performance.

PARTICIPANTS tell us they consider the deferred comp plan most important in:^[1]



Considering taking a new job with a new employer



Deciding to stay with a current employer

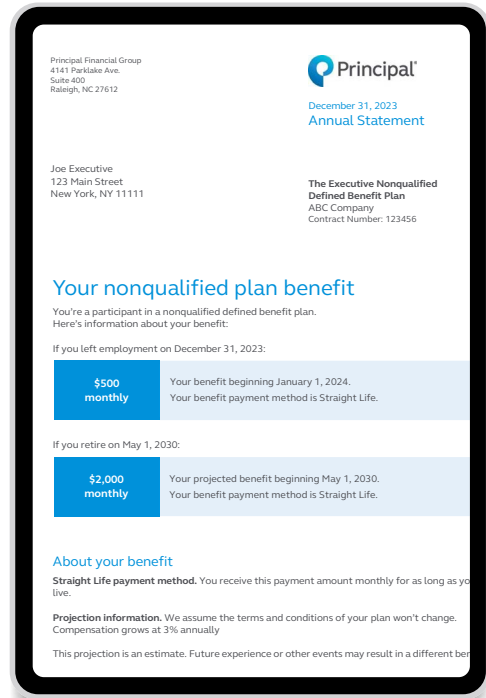
Turning your key employees into plan participants

Understanding the benefits of this exclusive plan is the first step—it's what will encourage your key employees to participate. We're here to help every step of the way:

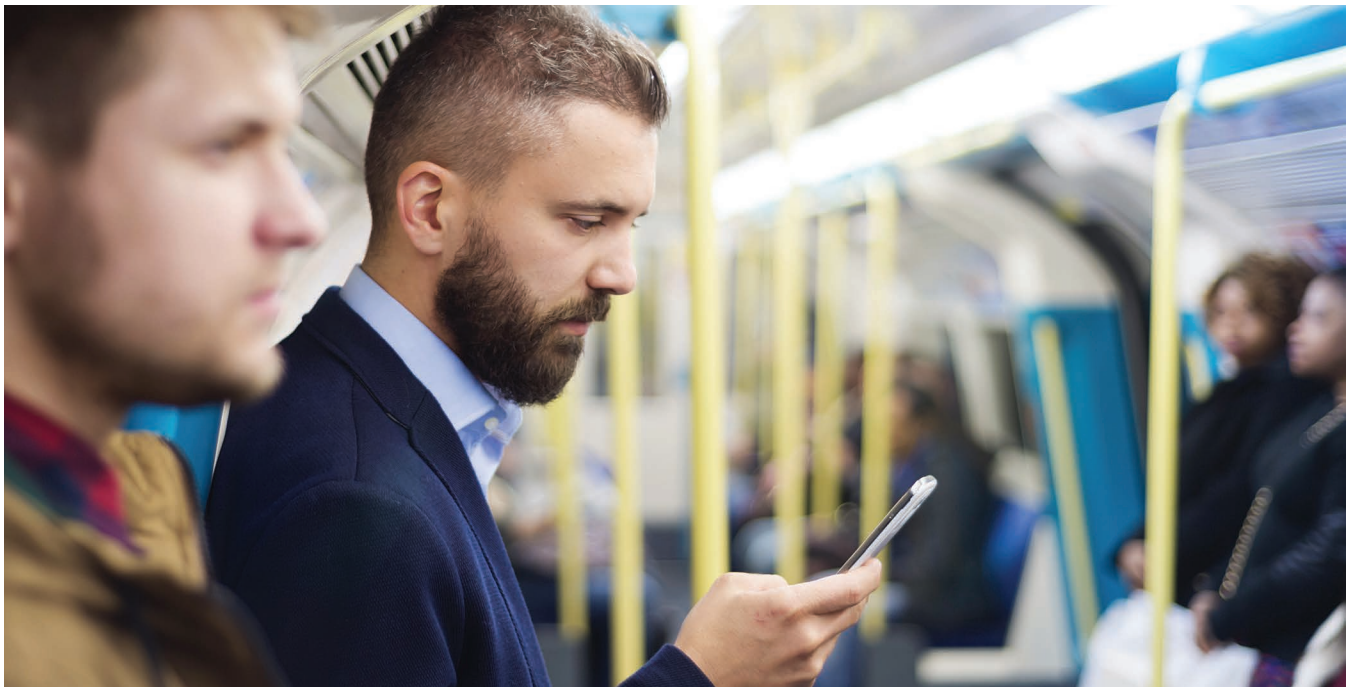
Introduce and enroll in the plan

Whether this is a brand-new benefit or employees are familiar with this type of plan, we offer custom education to introduce plan basics. We'll help you make sure your employees are aware they are eligible, so they can make an informed decision to participate. Our deferred comp specialists are available to answer questions.

Participants can view their benefit and distribution information on the optional annual benefit statement.



For illustrative purposes only



Access to benefit information online.

Stay current.

How does the plan keep up with your organization's needs and goals?

The deferred comp - defined benefit plan is your plan. Its long-term success depends on how well it keeps pace with your organization's needs and goals—today and tomorrow. So once your plan is in place, we'll make sure to provide:

Close attention to the plan over time, such as a participant's benefit from the beginning of the plan until payout at retirement.

Experienced specialists who offer feedback on factors that can influence the plan, such as plan design changes and regulatory updates.

Analytical tools and resources are available for new and existing plans—all while watching out for your bottom line.

Financing Health Dashboard helps ensure the plan's financing continues to meet your goals.

Annual service reviews to discuss how the plan is doing.

“ (We receive a) fantastic experience from our service team representatives and on up to our client relationship manager. We have a great working relationship. They understand our complicated structure, are well-respected by our senior leadership team, and very responsive. ”

—
Plan sponsor quote from Principal research survey

Ready to start?

Once you decide that this plan is right for your organization and key employees, we'll bring our knowledge and resources to the table to help you put this plan in place within your desired timing. We'll begin by:

- Gathering information from you about your organization.
- Tailoring the plan to your specific needs and goals.

Thousands of employers value the solutions and services we provide. You and your financial professional can count on us, too. We'll do our best to deliver a positive experience for everyone involved.

An industry leader in your corner.

Our history speaks for itself. We've been providing deferred comp plans for more than 35 years, and have over 80 years of retirement plan experience. We're the No. 1 provider of deferred comp plans^[2] and a top 3 defined contribution recordkeeper.^[3]

What sets us apart from others is our:

- Commitment to and experience in the business and retirement plan markets.
- Unique plan design and flexibility to tailor it to specific needs and goals.
- Personal consultation that focuses first on the right plan design, and then on the financing to support it.
- Specialized team of legal, accounting, and financing resources with more than 200 years of combined experience to provide support.
- Service and commitment to building long-lasting relationships.

A member of the *FORTUNE* 500®, our employees are passionate about helping clients of all income and portfolio sizes achieve their goals. You can count on us to offer innovative ideas, investment expertise, and real-life solutions to help make financial progress possible.



Contact your financial professional for more information or to help with the next steps in putting a plan in place.

¹ 2023 Trends in Nonqualified Deferred Compensation, conducted by Principal.

² Based on number of plans (excluding 457 plans), PLANSPONSOR 2023 Defined Contribution Recordkeeping Survey, July 2023.

³ Based on number of 401(k) plan participants, 2023 PLANSPONSOR Recordkeeping Survey, July 2023.



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